

Message Text

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C O N F I D E N T I A L STATE 225205

FOR LOS DEL

FOLLOWING REPEAT CARACAS 8281 ACTION STATE SEP 1.

QUOTE C O N F I D E N T I A L CARACAS 8281

E.O. 11652: GDS
TAGS: PEPR VE
SUBJECT: US-VENEZUELAN RELATIONS: BACK TO BASICS

REFS: (A) CARACAS 7170, (B) CARACAS 7150 (C) LIMA 7679

SUMMARY: PRESIDENT PERZ AND FONMIN CONSALVI HAVE RECENTLY INCREASED THE FREQUENCY AND SHARPENED THE ENOR OF THEIR FOREIGN POLICY RHETORIC ON ISSUES WHICH AFFECT US-GOVT RELATIONS. THE EXCELLENT RELATIONS RESULTING FROM PEREZ' SPECIAL RELATIONSHIP AND IDEOLOGICAL AFFINITY WITH PRESIDENT CARTER HAS MASKED TO A DEGREE BASIC DIVERGENCES BETWEEN THE US AND THE GOV EXTENT ON A NUMBER OF HARD ECONOMIC QUESTIONS. THE "SPECIAL RELATIONSHIP" EUPHORIA IS NOW GIVING WAY TO A RESTIVENESS ON THE PART OF PEREZ? WHO AFTER A SATISFACTORY RESOLUTION OF THE PANAMA CANAL TREATY ISSUE, MAY HAVE EXPECTED A MORE "FORTHCOMING" US FOREIGN POLICY AND GREATER
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CONCESSIONS ON THE PART OF THE USG ON ECONOMIC ISSUES.

END SUMMARY.

1. RECENTLY, BOTH PRESIDENT CARLOS ANDRES PEREZ (CAP) AND FONMIN CONSALVI HAVE NOTABLY INCREASED THE VOLUME AND FREQUENCY OF THEIR FOREIGN POLICY RHETORIC. DURING A JAUNT

TO SURINAME, JULY 24-25 CAP SPOKE OUT FORCEFULLY ON THE NORTH-SOUTH DIALOGUE, OIL PRICES AND THE GROWING THREAT OF INTERNATIONAL INTERVENTION BY EUROPEAN COUNTRIES IN AFRICA. A WEEK LATER, USING A HUMAN RIGHTS SEMINAR AS HIS PLATFORM, CAP GAVE A SPEECH JULY 31 (REF A) COVERING THE SAME(AND MORE) GROUND AS HIS SURINAME SPEECHES, BUT UTILIZING A STRIDENCY NOT HEARD SINCE THE EARLIER DAYS OF HIS ADMINISTRATION.

2. FONMIN CONSALVI SECONDED PEREZ' MESSAGE WITH A SPEECH THE SAME DAY (REF B) CALLING ON THE US TO REEVALUATE THE BASIS OF US-VENEZUELAN RELATIONS. HE ALSO COMMENTED ON HUMAN RIGHTS SAYING THAT THE GOV DOES NOT VIEW HUMAN RIGHTS POLICY AS A "POLITICAL MISSILE" TO BE USED SELECTIVELY, DISTURBING OTHER ESSENTIAL POLITICAL QUESTIONS SUCH AS THE CURRENT US-SOVIET STRATEGIC ARMS LIMITATION TALKS. IN A CLOSING SPEECH BEFORE A HUMAN RIGHTS CONFERENCE ON AUGUST 4, CONSALVI RETURNED TO THEME ABOUT "THE UNACCEPTABLE GOAL OF THE RECOLONIZATION OF AFRICA BY EUROPE". MORE RECENTLY (REF C), DURING A THREE-DAY OFFICIAL VISIT TO LIMA, AUGUST 23-25, CONSALVI, DURING THE SIGNING OF A JOINT COMMUNIQUE, BLASTED THE DCS OVER "THE INTRANSIGENCIES OF THE GREAT POWERS WHO PRETEND TO ARTIFICALLY PROLONG THE (ECONOMIC) ORDER ESTABLISHED UNILATERALLY BY THEM, AN ORDER WHICH HAS PREVAILED AND BEEN FED BY OUR CHEAP RAW MATERIALS AND THE CUREL SACRIFICES OF OUR LABORS." HE ALSO ACCUSED THE INDUSTRIALIZED NATIONS OF CREATING PROBLEMS FOR THE LDCS, PARTICULARLY OPEC MEMBERS, BY
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MANIPULATING THE CURRENT DOLLAR CRISIS.

3. COMMENT: PRESIDENT PEREZ HAS BEEN FOND OF POINTING TO THE SPECIAL RELATIONSHIP HE HAS ESTABLISHED WITH PRESIDENT CARTER BASED ON AN IDEOLOGICAL AFFINITY ON SUCH ISSUES AS HUMAN RIGHTS, DEMOCRACY, AND NUCLEAR NON-PROLIFERATION. PEREZ' PERSONAL COMMITMENT AND ROLE IN THE SUCCESSFUL PANAMA CANAL TREATY NEGOTIATIONS, TOGETHER WITH PRESIDENT CARTER'S EARLIER VISIT TO VENEZUELA IN MARCH RAISED MARKEDLY THE LEVEL OF THESE "GOOD FEELINGS," WHILE PEREZ' PERSONAL EMPATHY TOWARD PRESIDENT CARTER SOARED TO NEW HEIGHTS. ON THE PART OF THE GOV, US-VENEZUELAN RELATIONS WERE SUBSEQUENTLY COLORED BY A ROSY HUE, SOFTENING AND MASKING TO SOME DEGREE THE BASIC DIVERGENCES EXTENT ON A NUMBER OF HARD ECONOMIC QUESTIONS INCLUDING LOS, TRANSNATIONALS, AND THE NORTH-SOUTH DIALOGUE.

4. VENEZUELA'S POSITION AS A MAJOR OIL SUPPLIER TO THE US FORMS THE MAJRO ECONOMIC LINK IN OUR RELATIONS WITH THE GOV. THE ECONOMIC SPIN-OFF: A MARKET FOR US TECHNOLOGY, CAPITAL AND CONSUMER GOODS AND SERVICES ONLY REINFORCES THE ECONOMIC EMBRACE. THE OTHER SIDE OF THE OIL EQUATION,

HOWEVER, DEMONSTRATES THE DIVERGENCE OF GOV-USG SELF INTERESTS. VENEZUELA SUPPORTS AND WILL CONTINUE TO SUPPORT OIL PRICE INCREASES SINCE VENEZUELAN PROSPERITY, AND CORRESPONDINGLY ITS CURRENT DEMOCRATIC POLITICAL SYSTEM, AND THE ABILITY TO FINANCE THE COUNTRY'S AMBITIOUS DEVELOPMENT PROGRAM, ARE DEPENDENT ON OIL REVENUES. EQUALLY IMPORTANT, PEREZ, INFLUENCED BY FONMIN CONSALVI AND ECONOMIC AFFAIRS MINISTER PEREZ GUERRERO, OPPOSES THE US NOT ONLY ON OIL PRICES, BUT ON A NUMBER OF ECONOMIC ISSUES (PROMOTING IDENTIFICATION WITH THIRD WORLD) ON PHILOSOPHICAL GROUNDS. PEREZ IS CONVINCED THAT THE INTERNATIONAL TERMS OF TRADE HAVE BEEN HISTORICALLY WEIGHTED AGAINST VENEZUELA ON OIL, AND AGAINST THE LDCS IN GENERAL ON ALL RAWMATERIALS. IN THE NORTH-SOUTH DIALOGUE, HE IS COMMITTED TO ESTABLISHING NEW TERMS

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OF TRADE IN A NEW ECONOMIC ORDER. HE IS ALSO CONVINCED THAT THE DC OWE AN ECONOMIC "MEA CULPA" IN SOME FORM OF CORRECTIVE ECONOMIC ACTION. AS WITH THE NORTH-SOUTH DIALOGUE, THE GOV CONFRONTS THE US OVER LOS ON ESSENTIALLY THE SAME PHILOSOPHICAL GROUNDS IN GENERAL, AND ON SEVERAL ISSUES IN PARTICULAR, I.E. DEEP SEABED MINING AND THE ROLE OF THE SEABED AUTHORITY. FINALLY, THE GOV'S PHILOSOPHICAL BENT HAS COLORED ITS PERSPECTIVE OF THE ROLE OF THE TRANS-NATIONAL CORPORATIONS IN THE ECONOMY AND THE NEED FOR A CODE OF CONDUCT FOR THE TNCs. (FOR EXAMPLE, DURING HIS RECENT VISIT TO PERU CONSALVI ALSO ACCUSED THE TNCs OF BLOCKING ANDEAN INTEGRATION EFFORTS, ADDING "THE MEDDLING IN OUR AFFAIRS BY THE MULTINATIONAL CORPORATIONS WILL CONTINUE, AND WE MUST BE EXTREMELY CAREFUL IN OUR DEALINGS WITH THEM.") AS NOTED ABOVE, THIS PHILOSOPHICAL STANCE, TOGETHR WITH THE GOV FOREIGN POLICY ASPIRATIONS TO PLAY A LARGER ROLE AS THIRD WORLD SPOKESMAN, HAS BEEN MUTED TO A DEGREE BY THE EXCELLENT RELATIONS RESULTING FROM PRESIDENT CARTER'S VIGOROUS PUSH ON HUMAN RIGHTS, A SUCCESSFUL PANAMA CANAL TREATY, AND A PRESIDENTIAL VISIT TO VENEZUELA.

5. THE SPECIAL RELATIONSHIP EUPHORIA IS NOW GIVING WAY TO RESTIVENESS ON THE PART OF PEREZ, WHO AFTER PANAMA ,MAY HAVE EXPECTED GREATER CONCESSIONS ON THE PART OF THE USG ON ECONOMIC QUESTIONS. EVEN ON HUMAN RIGHTS AND DEMOCRACY, TWO TOUCHSTONES OF OUR EXCELLENT RELATIONS WITH VENEZUELA TO DATE, PEREZ HAS COMPLAINED THAT ON SEVERAL ISSUES (NOTABLY NICARAGUA AND BOLIVIA) THE USG HAS NOT PRESSED FORCEFULLY ENOUGH. SOME OF THIS RESTIVENESS NO DOUBT RESULTS FROM PCAP'S FOREIGN POLICY SWAN SONG AND DESIRE TO TIE UP THE LOOSE STRINGS OF AN AMBITIOUS FOREIGN PILICY AND JUSTIFY WHAT HE FIEWS AS HIS BOLIVARIAN ROLE IN THE HISTORY OF LATIN AMERICA. MORE IMPORTANTLY, THE RECENT TOUGH TALK ON FOREIGN

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POLICY ONLY SERVES TO HIGHLIGHT SOME OF THE BASIC DISCREPANCIES IN OUR RELATIONS WITH VENEZUELA.

6. PEREZ PERHAPS BELIEVED THAT HEHAD NOT ONLY ESTABLISHED A SPECIAL RELATIONSHIP WITH PRESIDENT CARTER, BUT THAT THE USG, FOR ITS PART, WAS MOVING TO ADOPT WHAT HE PERCEIVES AS A "PROGRESSIVE" FOREIGN POLICY, ONE MORE COMPATIBLE WITH VENEZUELAN FOREIGN POLICY OBJECTIVES. IN HIS JULY 31 SPEECH, CAP NOTED VENEZUELA'S THREE FOREIGN POLICY OBJECTIVES: (Q) SOLIDARITY IN THE FIGHT TO ESTABLISH A NEW INTERNATIONAL ECONOMIC ORDER, (B)THE DECISION TO CONTINUE TO WORK FOR LATIN AMERICAN INTEGRATION, (C) PROMOTION AND DEFENSE OF DEMOCRACY AND HUMAN RIGHTS. ONLY ON HUMAN RIGHTS AND DEFENSE OF DEMOCRACY ARE WE PRETTY MUCH IN STEP. GIVEN OUR DIFFERENCES OVER SOME OF THE ECONOMIC PROBLEMS INVOLVED IN VENEZUELA'S OTHER FOREIGN POLICY OBJECTIVES, PEREZ IS NOW APPARENTLY WAITING, WITH INCREASING RESTIVENESS, FOR THE USG TO PUT FORTH ADDITIONAL EVIDENCE OF ITS COMMITMENT TO TACKLE THESE REMAINING ISSUES. END COMMENT: CROWLEY UNQUOTE CHRISTOPHER

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